

**STATE OF INDIANA  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL AND GAS**

**ORDER OF INTEGRATION**

Re: Application of Noble Energy, Inc. ) Case No.: DOG-09-2008  
For the integration of oil and gas interests owned by )  
Thomas D. and Lori A. Blythe and oil and gas interests )  
owned by David Bolenbaugh into the BARKER 2-5H Unit,  
Section 5, Township 6 North, Range 9 West, Sullivan  
County, Indiana

As provided in Indiana Code 14-37-3-16, an informal hearing was held in this matter on August 12, 2008 beginning at 10:00 AM (Eastern), before the Indiana Department of Natural Resources (IDNR), Division of Oil and Gas (Division), at the Jasonville Office of the IDNR located on Hwy. 48 West, Jasonville, Indiana. The purpose of the informal hearing was to consider the Petition for Integration of Interests (Application) for the above drilling unit filed by Noble Energy, Inc. hereinafter referred to as "Applicant".

Having reviewed the entire record in this matter, and being duly advised, the Director of the Division of Oil and Gas (Director) makes the following Findings of Fact, Conclusions of Law and Order of Integration:

**FINDINGS OF FACT**

1. Applicant is a corporation whose principal place of business is 1625 Broadway Street, Suite 2200, Denver, Colorado 80202. Applicant is authorized to transact business in the State of Indiana and its agent for service of process is CT Corporation System, 251 East Ohio Street, Suite 1100, Indianapolis, Indiana 46204, .
2. 312 IAC 16-5-3 allows the Division Director to grant an exception to the spacing and drilling unit requirements of 312 IAC 16-5-1 and 312 IAC 16-5-2.
3. In an earlier proceeding, after public notice and opportunity for an informal hearing, Applicant was granted such an exception to the spacing and drilling unit size requirements and authorized to create the BARKER 2-5H UNIT containing 392.156 acres (more or less) in Section 5, Township 6 North, Range 9 West comprised of the western portion of said section.
4. Portions of the property owned by Thomas D. and Lori A. Blythe, hereinafter "the BLYTHE's", and portions of the property owned by David L. Bolenbaugh, hereinafter "MR. BOLENBAUGH", are located within the established BARKER 2-5H UNIT.
5. Based upon information provided by the Applicant, oil and gas leases have been executed and acknowledged or ratified on the majority of the acreage within the established drilling unit.
6. Despite due diligence and good faith efforts, the Applicant was not able to obtain consent for the proposed lease of oil and gas rights on any portion of the property owned by the BLYTHE's nor on any portion of the property owned by MR. BOLENBAUGH, whose addresses are 2026 South

State Road 58 West, Carlisle, IN 47838 and 1943 West County Road 600 South, Sullivan, IN 47882 respectively.

7. IC 14-37-9-1(b) requires that, where owners of separate tracts within an established drilling unit do not agree to integrate their interests, the IDNR shall require the owners to integrate their interests in order to prevent waste or the drilling of unnecessary wells.
8. The Petition filed in this matter by the Applicant seeks, pursuant to IC 14-37-9, the issuance of an integration order whereby the interests of all owners of separate tracts within an established drilling unit are integrated and the combined tracts developed as a consolidated production unit.
9. The Applicant attached the following documents to its Petition:

Exhibit A	Sample oil and gas lease
Exhibit B	Legal description of separately owned interests
Exhibits C	Map of unit area showing property lines
Exhibits D	Division of interest table
Exhibits E	Contact report
10. IC 14-37-9-2 requires that an integration order must be based upon reasonable terms that give the owner of each tract an equitable share of the oil and natural gas in the unit.
11. On July 18, 2008, the Division sent to the BLYTHE's and to MR. BOLENBAUGH by first class mail, as provided in 312 IAC 16-2-3, a written notice of the date, time, and place of the informal hearing to be held in Jasonville, IN on August 12, 2008.
12. The notice sent to the BLYTHE's and to MR. BOLENBAUGH also included information regarding the integration process and provided them with the following options for participation in the drilling unit:
  - a. Integration as a Royalty Owner entitled to receive 1/8<sup>th</sup> net production of oil, gas and other hydrocarbons produced from the well;
  - b. Integration as a Participating Owner wherein they agree to participate by sharing the costs for drilling and production with the well owner through paying their proportionate share of the costs within 30 days of the informal hearing to the well owner; or
  - c. Integration as a Non-Participating Owner wherein they would participate in the costs of drilling and production costs on a limited or carried basis.
13. The BLYTHE's and MR. BOLENBAUGH were notified that if they did not select a specific option, the Division would automatically integrate them as Royalty Owners subject to receive 1/8<sup>th</sup> of the net production from the well.
14. The following persons were present at the informal hearing held on August 12, 2008:

<u>Person</u>	<u>Representing</u>
Karen Anspaugh	Noble Energy, Inc.
Scott Lewis	Noble Energy, Inc.

15. No comments or objections to the Petition were submitted by any persons present at the informal hearing.
16. A voice mail message was received by the Director from Lori A. Blythe on the afternoon of August 12, 2008. In her message, Mrs. Blythe expressed a desire to discuss the matter with the Director and left a telephone number at which she could be reached. Numerous attempts to contact Mrs. Blythe at that telephone number were unsuccessful. An email was sent by the Director to an address believed to be used by the BLYTHE's in previous communications. The email expressed a willingness to discuss the matter further with them and requested that they contact the Director by telephone or email. The email also indicated that if no communication was received by Friday, August 22, 2008, a final decision would be made on the Petition based on all available information provided as of that date. No further communication or information has been received from the BLYTHE's as of the date of this Order.
17. Based upon a review of all relevant information, the Petition should be granted in order to allow the Applicant to proceed with the development of the aforementioned drilling unit in such a manner that affords the BLYTHE's and also MR. BOLENBAUGH the opportunity to receive a just and equitable share of the production of oil, natural gas, or other hydrocarbons from said unit.

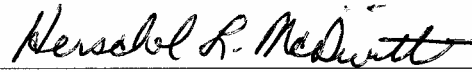
### **CONCLUSIONS OF LAW AND ORDER OF INTEGRATION**

1. IC 14-37-9 and any rules promulgated thereunder apply and are pertinent to the subject matter of the Application filed herein.
2. There has been full compliance with all notice requirements provided by law, and all interested parties have been afforded an opportunity to be heard.
3. The IDNR and the Division have jurisdiction to hear this matter and authority, as delegated by the Natural Resources Commission, to order the integration of interests in accordance with IC 14-37-9-1(b)
4. The Petition, herein referenced, contains the elements required by law.
5. All leaseholds and parcels comprising the BARKER 2-5H UNIT located in Section 6 as previously described in Sullivan County, Indiana are ordered to be integrated as a single drilling unit. It is reasonable, fair, and equitable, as required by IC 14-37-9-2, that such division of interest be accomplished as depicted in Exhibit "D" of Applicants Petition so that unit operations may be conducted as if the unit areas had been included in single leases executed by all owners of oil and gas interests within said units.
6. The BLYTHE's as well as MR. BOLENBAUGH shall be entitled to receive a  $\frac{1}{8}^{\text{th}}$  royalty share of all oil, natural gas, and other hydrocarbons produced calculated at the rate of 12.5% of the total production from the BARKER 2-5H UNIT multiplied by the fraction which represents the proportionate share which the landowner's acreage bears to the entire unit acreage.
7. As provided in IC 14-37-9-2, the portion of the production allocated to the owner of any tract within the BARKER 2-5H UNIT shall be considered as if produced from a well drilled on that tract.

8. Notwithstanding any contrary provisions contained in the attachments to the Petition, nothing in this Order of Integration shall be construed as granting the Applicant any legal right of entry onto, over, or across any real estate owned by the BLYTHE's or owned by MR. BOLENBAUGH.
9. This order is a final administrative action of the IDNR and, as such, is subject to administrative review under IC 4-21.5-3-7 and may be placed of record by the Applicant in the appropriate public record of Sullivan County, Indiana.

August 22, 2008

Dated



Herschel L. McDivitt, Director  
Division of Oil and Gas

**DIVISION OF OIL AND GAS  
DEPARTMENT OF NATURAL RESOURCES**

**NOTICE OF ORDER OF INTEGRATION  
NOTICE OF RIGHT TO APPEAL  
CERTIFICATE OF MAILING**

You are hereby notified that on the date indicated below, the Indiana Department of Natural Resources, through the Director of the Division of Oil and Gas, issued an Order of Integration with respect to certain oil and gas drilling interests. The Order of Integration is based on an Application for Integration Order previously filed by the Applicant, Noble Energy, Inc., and on an Informal Hearing held in this matter on August 12, 2008, in Jasonville, Indiana to consider the request for integration. A copy of the Order of Integration issued on the date indicated below is enclosed.


The terms of the enclosed Order of Integration are subject to appeal and review under IC 4-21.5-3-7 in a hearing before an Administrative Law Judge. In order to qualify for administrative review, a person must petition for review in writing stating facts that demonstrate the petitioner is:

- (A) a person to whom the order is specifically directed;
- (B) aggrieved or adversely affected by the order; or
- (C) entitled to review under any law.

In order to be timely, any petition for administrative review must be filed with the Division of Hearings, Natural Resources Commission, Indiana Government Center South, 402 W. Washington St., Rm. W272, Indianapolis, IN 46204 within eighteen (18) days after the mailing date of this notice. If no petition for administrative review is filed within the stated time limit, all terms and conditions contained in the enclosed Order of Integration will become final and binding.

I further certify that a copy of the referenced Order of Integration was mailed on the date indicated below to the Applicant and to Thomas D. and Lori A. Blythe, whose address is 2026 South State Road 58 West, Carlisle, IN 47838, and to David L. Bolenbaugh, whose address is 1942 West County Road 600 South, Sullivan, IN 47882.

August 22, 2008  
Dated

  
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### **CONCLUSIONS OF LAW AND ORDER OF INTEGRATION**

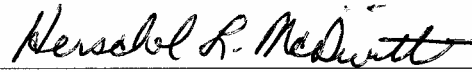
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August 22, 2008

Dated



Herschel L. McDivitt, Director  
Division of Oil and Gas

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Having reviewed the entire record in this matter, and being duly advised, the Director of the Division of Oil and Gas (Director) makes the following Findings of Fact, Conclusions of Law and Order of Integration:

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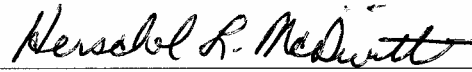
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August 22, 2008  
Dated

  
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Herschel L. McDivitt, Director  
Division of Oil and Gas

**STATE OF INDIANA  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL AND GAS**

**ORDER OF INTEGRATION**

Re: Application of Noble Energy, Inc. ) Case No.: DOG-09-2008  
For the integration of oil and gas interests owned by )  
Thomas D. and Lori A. Blythe and oil and gas interests )  
owned by David Bolenbaugh into the BARKER 2-5H Unit,  
Section 5, Township 6 North, Range 9 West, Sullivan  
County, Indiana

As provided in Indiana Code 14-37-3-16, an informal hearing was held in this matter on August 12, 2008 beginning at 10:00 AM (Eastern), before the Indiana Department of Natural Resources (IDNR), Division of Oil and Gas (Division), at the Jasonville Office of the IDNR located on Hwy. 48 West, Jasonville, Indiana. The purpose of the informal hearing was to consider the Petition for Integration of Interests (Application) for the above drilling unit filed by Noble Energy, Inc. hereinafter referred to as "Applicant".

Having reviewed the entire record in this matter, and being duly advised, the Director of the Division of Oil and Gas (Director) makes the following Findings of Fact, Conclusions of Law and Order of Integration:

**FINDINGS OF FACT**

1. Applicant is a corporation whose principal place of business is 1625 Broadway Street, Suite 2200, Denver, Colorado 80202. Applicant is authorized to transact business in the State of Indiana and its agent for service of process is CT Corporation System, 251 East Ohio Street, Suite 1100, Indianapolis, Indiana 46204, .
2. 312 IAC 16-5-3 allows the Division Director to grant an exception to the spacing and drilling unit requirements of 312 IAC 16-5-1 and 312 IAC 16-5-2.
3. In an earlier proceeding, after public notice and opportunity for an informal hearing, Applicant was granted such an exception to the spacing and drilling unit size requirements and authorized to create the BARKER 2-5H UNIT containing 392.156 acres (more or less) in Section 5, Township 6 North, Range 9 West comprised of the western portion of said section.
4. Portions of the property owned by Thomas D. and Lori A. Blythe, hereinafter "the BLYTHE's", and portions of the property owned by David L. Bolenbaugh, hereinafter "MR. BOLENBAUGH", are located within the established BARKER 2-5H UNIT.
5. Based upon information provided by the Applicant, oil and gas leases have been executed and acknowledged or ratified on the majority of the acreage within the established drilling unit.
6. Despite due diligence and good faith efforts, the Applicant was not able to obtain consent for the proposed lease of oil and gas rights on any portion of the property owned by the BLYTHE's nor on any portion of the property owned by MR. BOLENBAUGH, whose addresses are 2026 South



State Road 58 West, Carlisle, IN 47838 and 1943 West County Road 600 South, Sullivan, IN 47882 respectively.

7. IC 14-37-9-1(b) requires that, where owners of separate tracts within an established drilling unit do not agree to integrate their interests, the IDNR shall require the owners to integrate their interests in order to prevent waste or the drilling of unnecessary wells.
8. The Petition filed in this matter by the Applicant seeks, pursuant to IC 14-37-9, the issuance of an integration order whereby the interests of all owners of separate tracts within an established drilling unit are integrated and the combined tracts developed as a consolidated production unit.
9. The Applicant attached the following documents to its Petition:

Exhibit A	Sample oil and gas lease
Exhibit B	Legal description of separately owned interests
Exhibits C	Map of unit area showing property lines
Exhibits D	Division of interest table
Exhibits E	Contact report
10. IC 14-37-9-2 requires that an integration order must be based upon reasonable terms that give the owner of each tract an equitable share of the oil and natural gas in the unit.
11. On July 18, 2008, the Division sent to the BLYTHE's and to MR. BOLENBAUGH by first class mail, as provided in 312 IAC 16-2-3, a written notice of the date, time, and place of the informal hearing to be held in Jasonville, IN on August 12, 2008.
12. The notice sent to the BLYTHE's and to MR. BOLENBAUGH also included information regarding the integration process and provided them with the following options for participation in the drilling unit:
  - a. Integration as a Royalty Owner entitled to receive 1/8<sup>th</sup> net production of oil, gas and other hydrocarbons produced from the well;
  - b. Integration as a Participating Owner wherein they agree to participate by sharing the costs for drilling and production with the well owner through paying their proportionate share of the costs within 30 days of the informal hearing to the well owner; or
  - c. Integration as a Non-Participating Owner wherein they would participate in the costs of drilling and production costs on a limited or carried basis.
13. The BLYTHE's and MR. BOLENBAUGH were notified that if they did not select a specific option, the Division would automatically integrate them as Royalty Owners subject to receive 1/8<sup>th</sup> of the net production from the well.
14. The following persons were present at the informal hearing held on August 12, 2008:

<u>Person</u>	<u>Representing</u>
Karen Anspaugh	Noble Energy, Inc.
Scott Lewis	Noble Energy, Inc.

15. No comments or objections to the Petition were submitted by any persons present at the informal hearing.
16. A voice mail message was received by the Director from Lori A. Blythe on the afternoon of August 12, 2008. In her message, Mrs. Blythe expressed a desire to discuss the matter with the Director and left a telephone number at which she could be reached. Numerous attempts to contact Mrs. Blythe at that telephone number were unsuccessful. An email was sent by the Director to an address believed to be used by the BLYTHE's in previous communications. The email expressed a willingness to discuss the matter further with them and requested that they contact the Director by telephone or email. The email also indicated that if no communication was received by Friday, August 22, 2008, a final decision would be made on the Petition based on all available information provided as of that date. No further communication or information has been received from the BLYTHE's as of the date of this Order.
17. Based upon a review of all relevant information, the Petition should be granted in order to allow the Applicant to proceed with the development of the aforementioned drilling unit in such a manner that affords the BLYTHE's and also MR. BOLENBAUGH the opportunity to receive a just and equitable share of the production of oil, natural gas, or other hydrocarbons from said unit.

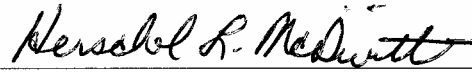
### **CONCLUSIONS OF LAW AND ORDER OF INTEGRATION**

1. IC 14-37-9 and any rules promulgated thereunder apply and are pertinent to the subject matter of the Application filed herein.
2. There has been full compliance with all notice requirements provided by law, and all interested parties have been afforded an opportunity to be heard.
3. The IDNR and the Division have jurisdiction to hear this matter and authority, as delegated by the Natural Resources Commission, to order the integration of interests in accordance with IC 14-37-9-1(b)
4. The Petition, herein referenced, contains the elements required by law.
5. All leaseholds and parcels comprising the BARKER 2-5H UNIT located in Section 6 as previously described in Sullivan County, Indiana are ordered to be integrated as a single drilling unit. It is reasonable, fair, and equitable, as required by IC 14-37-9-2, that such division of interest be accomplished as depicted in Exhibit "D" of Applicants Petition so that unit operations may be conducted as if the unit areas had been included in single leases executed by all owners of oil and gas interests within said units.
6. The BLYTHE's as well as MR. BOLENBAUGH shall be entitled to receive a  $1/8^{\text{th}}$  royalty share of all oil, natural gas, and other hydrocarbons produced calculated at the rate of 12.5% of the total production from the BARKER 2-5H UNIT multiplied by the fraction which represents the proportionate share which the landowner's acreage bears to the entire unit acreage.
7. As provided in IC 14-37-9-2, the portion of the production allocated to the owner of any tract within the BARKER 2-5H UNIT shall be considered as if produced from a well drilled on that tract.

8. Notwithstanding any contrary provisions contained in the attachments to the Petition, nothing in this Order of Integration shall be construed as granting the Applicant any legal right of entry onto, over, or across any real estate owned by the BLYTHE's or owned by MR. BOLENBAUGH.
9. This order is a final administrative action of the IDNR and, as such, is subject to administrative review under IC 4-21.5-3-7 and may be placed of record by the Applicant in the appropriate public record of Sullivan County, Indiana.

August 22, 2008

Dated



Herschel L. McDivitt, Director  
Division of Oil and Gas

**DIVISION OF OIL AND GAS  
DEPARTMENT OF NATURAL RESOURCES**

**NOTICE OF ORDER OF INTEGRATION  
NOTICE OF RIGHT TO APPEAL  
CERTIFICATE OF MAILING**

You are hereby notified that on the date indicated below, the Indiana Department of Natural Resources, through the Director of the Division of Oil and Gas, issued an Order of Integration with respect to certain oil and gas drilling interests. The Order of Integration is based on an Application for Integration Order previously filed by the Applicant, Noble Energy, Inc., and on an Informal Hearing held in this matter on August 12, 2008, in Jasonville, Indiana to consider the request for integration. A copy of the Order of Integration issued on the date indicated below is enclosed.


The terms of the enclosed Order of Integration are subject to appeal and review under IC 4-21.5-3-7 in a hearing before an Administrative Law Judge. In order to qualify for administrative review, a person must petition for review in writing stating facts that demonstrate the petitioner is:

- (A) a person to whom the order is specifically directed;
- (B) aggrieved or adversely affected by the order; or
- (C) entitled to review under any law.

In order to be timely, any petition for administrative review must be filed with the Division of Hearings, Natural Resources Commission, Indiana Government Center South, 402 W. Washington St., Rm. W272, Indianapolis, IN 46204 within eighteen (18) days after the mailing date of this notice. If no petition for administrative review is filed within the stated time limit, all terms and conditions contained in the enclosed Order of Integration will become final and binding.

I further certify that a copy of the referenced Order of Integration was mailed on the date indicated below to the Applicant and to Thomas D. and Lori A. Blythe, whose address is 2026 South State Road 58 West, Carlisle, IN 47838, and to David L. Bolenbaugh, whose address is 1942 West County Road 600 South, Sullivan, IN 47882.

August 22, 2008  
Dated

  
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Herschel L. McDivitt, Director  
Division of Oil and Gas